



**Following are questions that were asked during the June 5, 2018 webinar MAC Budget Webinar. This is not a direct transcript. Some questions and answers have been paraphrased for clarity. Materials from the meeting are available [HERE](#).**

**1 Are there links to the current budget process and from last year's budget? Those would be helpful for comparatives?**

For comparisons with 2019, the 2018 budget is available in each of the Scenarios – specifically in [Scenario 1](#) on page 9 for the RC Operations and page 14 for Reliability Services.

**2. Please show additional detail for line items that exceed \$5 million.**

The only areas that are greater than \$5 million are Salaries & Office Costs. Salaries are driven by headcount and the Office Costs are driven by Computer Maintenance and Licensing which is \$4.6 million on its own in Scenario 1 – \$2.1 million of this is Alstom & OATI (Enhanced Curtailment Calculator and WECC Interchange Tool)., \$2.1m of this is GE (Energy Management System and Dispatcher Training Simulator ).

**3. As part of this process, will you be looking at reducing how many Peak staff are required at meetings? If you're reducing the head count, it could result in appreciable savings.**

Costs associated with attendance at meetings by the Peak team are de minimus compared to the overall savings required, and holding meetings in Portland provides significant savings in employee travel costs. Page 6 of [Scenario 1](#) provides a comparison and breakdown of the 2019 (174 headcount) which is flat to 2018 and the 2020 TRC (117 headcount) proposals.

**4. Does Peak foresee substantially different 2019 budgets depending on the level of interest in the Transitional RC (TRC)?**

The 2019 budget is flat if we have support for the TRC. The 2020 budget is \$28.7 million representing an “all in” cost for core, optional and shared service costs.

**5. Does the Transitional RC budget include the international members of Peak (BC Hydro and CFE)?**

The TRC budget includes the cost associated with performing the RC function, Optional Services and Interconnection Shared Services for all entities including BC



Hydro and CFE. BC Hydro's and CFE's continued participation in TRC will result in a lower share of TRC's costs being allocated among the other Funding Parties.

**6. If Peak will not release which entities are signing Letter of Intent (LOI) vs Wind Down, can Peak release in a summary format:**

**1) What percentage of the funding entities signed LOI vs Wind Down?**

**2) What percentage of the funding is supported via LOIs?**

**3) How many of the top 10 largest funders have signed the LOI?**

Peak intends to treat the LOIs confidentially to encourage candid and straightforward responses from entities. Peak also intends to publish a summary that accurately captures the level of support for either the TRC or Wind Down scenario that includes, but is not limited to: (1) the number of entities who support the TRC, the Wind Down, and the number of entities that did not indicate a preference; and (2) a summary of stated reason(s) entities are supporting the TRC or Wind Down scenario.

**7. Will a new timeline be sent out?**

The new timeline has been posted on the [2019 Business Plan and Budget Page](#) and is available [HERE](#).

**8. On the slide with the header "2019 BP&P Scenario 1 - RC Function," what exactly is "The Reliability Services currently offered – \$1.3 million?"**

Reliability Services are those additional services that Peak currently offers such as Hosted Advanced Applications (HAA) and NWPP RTAG tool support. Those activities have always funded themselves and the costs are offset by the revenue generated, not RC funding.

**9. Previously Peak had indicated that the rate charged to Funders would not increase in 2019 despite the loss of CAISO funding in September. Is that still the case?**

If the forward direction is the TRC, then that is correct. There would not be an increase in 2019 over 2018 funding amounts. However, if the forward direction is to close Peak, there would be an increase.



**10. Please summarize the cost cutting measures in FY19 in both scenarios.**

In Scenario 1 cost cutting occurs in anticipation of the 2020 TRC We identified items such as Board and executive costs. For example, we have six board members now and it's unlikely we will go back to seven. We see attrition in the business currently and are carrying that into 2019. These savings happen in both the Wind Down and the TRC scenarios. In addition, in the Wind Down scenario we have considered, capital costs. If Peak no longer continues as an organization there are capital items that aren't necessary and have been accounted for in the reduction in the Wind Down scenario.

**11. In the TRC budget of \$30 million I understand the Core Reliability Services would be allocated across the funding parties that participate. Please clarify the cost allocation for the Optional Reliability Services; how would that be funded? Would that be funded across all the funding parties?**

Optional services are those services that are not critical today for Peak to perform its RC function. That doesn't mean they aren't important, it just means that Peak today doesn't rely on them for performing the core RC function. In the tables below showing detailed TRC costs, optional services total \$2.3 million. If the entities moving forward with the TRC decide to keep all of those services, that \$2.3 million would be spread across those funders. The majority of the optional services would require all participants in Peak's TRC to pay for those services. Only HAA and NWPP RTAG tool support are truly à la carte services, which is why they aren't listed below.

<b>Core Services - \$23.5 million</b>		
Reliability Messaging Tool (RMT)	Included in Core RC	RMT supports RC, TOP and BA real-time communication and coordination.
Coordinated Outage Scheduling Tool (COS)	Included in Core RC	COS is the primary tool for coordinating scheduled transmission and generation outages in the Western Interconnection.
Voltage and Transient Stability	Included in Core RC	IROL and stability limit calculations and monitoring.
DTS – Interconnection Simulation	Included in Core RC	Dispatcher Training Simulator hosted RCSI training, restoration drills, IROL drills and other simulation-based training for the RC Area.
SharePoint Coordination	Included in Core RC	Use of Peakrc.org for coordinating data, such as studies, TOP/BA data requests, models, etc.



<b>Optional Reliability Services - \$2.3 million</b>		
WIT	\$575,000	WECC Interchange Tool supports all BAs in managing scheduled interchange.
EHV/ICCP Management	\$60,000	Real-time operational data sharing system used by TOPs, BAs and RCs.
ECC	\$925,000	Enhanced Curtailment Calculator manages Qualified Paths and is being expanded to incorporate other facilities in the Western Interconnection.
Synchrophasor Technology	\$520,000	Synchrophasor technology supports wide-area situational awareness across the entire Western Interconnection.
Peak Visualization Platform (PVP)	\$250,000	Geo-spacial visualization tool. PVP allows weather, fire and other non-electrical information to be monitored on power system situational awareness displays.
<b>Shared and Optional Services for RC Service Providers - Cost allocation determined by number of RC participants - \$2.9 million</b>		
Reliability Messaging Tool (RMT)	\$200,000	RMT supports RC, TOP and BA real-time communication and coordination.
Coordinated Outage Scheduling Tool (COS)	\$325,000	COS is the primary tool for coordinating scheduled transmission and generation outages in the Western Interconnection.
Voltage and Transient Stability	\$260,000	Additional services such as TTC calculation engine, frequency response monitoring and system model validation.
Dispatcher Training Simulator – Interconnection Simulation	\$375,000	Restoration drills, IROL drills and other simulation-based training for the Interconnection.
SharePoint Coordination Services	\$190,000	Use of Peakrc.org for coordinating data, such as studies, TOP/BA data requests, models, etc.
WIT	\$375,000	WECC Interchange Tool supports all BAs in managing scheduled interchange.
EHV/ICCP Management	\$40,000	Real-time operational data sharing system used by TOPs, BAs and RCs.
ECC	\$600,000	Enhanced Curtailment Calculator manages Qualified Paths and is being expanded to incorporate other facilities in the Western Interconnection.



Synchrophasor Technology	\$340,000	Synchrophasor technology supports wide-area situational awareness across the entire Western Interconnection.
Peak Visualization Platform (PVP)	\$170,000	Geo-spacial visualization tool. PVP allows weather, fire and other non-electrical information to be monitored on power system situational awareness displays.

**12. Please explain Interconnection Shared Services. How would they be allocated?**

The Interconnection Shared Services are those services that support reliability for the entire Interconnection and would be needed by an entity that wants to provide RC services. A good example is the WECC interchange Tool (WIT) which is a service provided today by Peak to all BAs in the West. The cost distribution will probably be based on load and therefore the size of an RC would in turn determine the size of the allocation they receive and their share of the cost for the shared tools.

**13. Will those costs be allocated among the two or three different RCs?**

Yes.

**14. And then the Optional Reliability Service would be for something like HAA and billed to various parties that are signed up?**

Yes.

**15. The [Scenario 1](#) document, shows a decrease of 42 percent in operations staff. That is a much larger decrease than Engineering and IT. Can you explain why?**

Our planning assumptions assume a smaller footprint with CAISO's departure and a redesign of the control room desks and work processes in Operations. Now from a tools and technology perspective, the \$28.7 million cost is an "all in" tools and model scenario, meaning we intend to retain the full West-wide system model (WSM) and the tools that are being implemented to gain value from the WSM and its wide area view. Many of those tools are captured in the optional costs category. If those optional services/tools are cut, we would expect a more consistent cut across all departments at Peak.



**16. Do you currently believe that Phasor Measurement Units (PMU) are required for the proactive Real-Time operation of the Western Interconnections, or are they currently used for post disturbance analysis?**

One of the purposes of this process is for members to weigh in on questions like this – what tools do you believe are important for reliability in the West? The collective answers will help determine priorities and, subsequently, what gets funded. Synchrophasor technology, like the question asks, is used today for model validation activities where you're comparing models against synchrophasor signals to see if the models are producing the correct results. This enables technology like real-time transient stability, and supports entities attempting to meet model validation requirements associated with MOD-033-1.

Today Peak integrates PMU-measured phase angles into our state estimator which enhances the robustness of the tool. So the question being; what about the other applications that are more advanced and were envisioned in the original Western Interconnection Synchrophasor Program? We've got a lot of things that we're trying to do by the end of this year to bring in synchrophasor data primarily as a back up to our ICCP data, so that if ICCP goes down we still have access to critical Bulk Electric System data through synchrophasors. That's scheduled to be in place by the end of the year and that will be the first time that synchrophasor data is actually front and center in front of our RCs.

**17. In the proposed LOI, what is the commitment duration being asked of the Funding Parties? Just through 2020 or beyond?**

As it's conceived right now, we are looking for the commitment to either move forward with the RC or to transition Funding Parties to other providers. If we move down the path of continuing RC services, the path we would like to take, we expect to continue with the Funding Agreement as written.

**18. The Reliability Messaging Tool (RMT) is included in the Core Services for Peak RC members, TOPs and BAs; it's also listed as a tool that could be a Shared Service for the other RC providers. I want to make sure for my budget perspective – if there was cost sharing with the other RCs, would that possibly be a reduction for the other services? (I'm looking at the transitional plan and what was sent out compared to the budget with the core services and the needs.)**

There are certain tools that are part of our Core Services and are included in the \$23.5 million that we identify as the cost for the core RC function. In addition, we've said there's a set of Interconnection Shared Services (\$2.9 million) and we expect the RCs to pay for their use. Ultimately the specific RC shares of the shared services cost are going to change based on number of RCs and their footprint size.



The \$28.7 million total cost for Peak's services shouldn't change. The \$23.5 million should not go down but there will be movement based on who ends up being an RC and who ends up being in Peak's RC footprint. If a larger set of entities leave Peak and go to another RC, then that shared component will be much larger. (Please also refer to the table in question 11 above.)

**19. Because we talked about the slide, the ones that amounted to \$30 million, are those already included in the 2020 TRC budget or are they in addition?**

That \$30 million is the dollar amount in 2020 on the previous slide that had \$29,942,652 as the total budget line. It was simply rounded up to \$30 million.

**20. My assumption is that CAISO will be paying a portion of their allocation in 2019 for eight months of the year. My question is on the TRC; what's Peak's plan for about \$4.2 million of that allocation? Will you begin that transition in that period and start adjusting for that revenue that you won't be getting from CAISO or will you be reallocating that; what is your plan? I have a similar question for the Wind Down scenario. I think it's \$4.2 million for the TRC and \$5.9 million for the Wind Down in 2019.**

Please refer to response to question 9.

**21. Is it the same if 2019 is a wind down year? Would that begin sooner than September?**

In the Wind Down scenario there will be a different approach to the year as described in Scenario 2. It reflects the fact that we do have to run an RC until the end of 2019 and includes severance costs for employees. To help offset this cost we would capture any positions as they attrite and conserve cash. In a Wind Down scenario, anything that could be conserved would be treated consistent with the Peak Bylaws, Utah law and the Funding Agreement. The Bylaws and UT law address disbursement of funds/assets generally and the Funding Agreement addresses parties' obligations to help facilitate a transition of Funded Services to another provider.

**22. The difference on the slides where you have FTE's and HC. Is HC headcount? And are these duplicate?**

HC is headcount, while FTEs are Full-Time Equivalents – an employee working half time would be 1 HC, but 0.5 FTE. They are not duplicate, but when they are the same number, it means all the HC are full-time employees for the entire year.



- 23. In looking at the budget as I interpret it, under Scenario 2 there's a budget item for severance and retention costs, and I understand that is because you're reducing staff. There are also staff reductions in Scenario 1. Is there any allowance for severance and retention in Scenario 1?**

Yes, there will be severances provided for those individuals being impacted as we reduce to 117 employees. Those costs will be accounted for within the budget of flat funding in 2019 and \$28.7 million going forward.

- 24. You're encouraging feedback by early July and then you'll take that information to the Board. Is there any potential of developing an alternative scenario or budget scenarios based on what comes back or the size of the footprint depending on the size of it could impact what the cost could be?**

Our aim is to get meaningful, open and candid feedback back through both the budget process and the larger TRC vs. Wind Down process. That feedback should allow us to see if there is enough common interest to identify and explore alternative scenarios.

- 25. I have one question about your working capital. Is that what will be used to cover the first three months of 2020 in the Wind Down scenario or what's the source of that funding?**

Our current [Scenario 2](#) budget is forecasting the use of working capital (two months reserve) to close the organization. This will include payments for required tax and benefit audits as well as employee costs for the support staff to close the business.